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**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Application Number: 10/798,505
Filing Date: March 11, 2004
Appellant(s): AOYAMA ET AL.

MAILED

DEC 24 2008

GROUP 3600

Christopher J. Rourk (Reg. No. 39,348)
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed February 23, 2007 appealing from the Office action mailed February 21, 2006 and the Board remand dated December 1, 2008.

(1) Real Party in Interest

A statement identifying by name the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

(3) Status of Claims

The statement of the status of claims contained in the brief is correct.

(4) Status of Amendments After Final

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

No amendment after final has been filed.

(5) Summary of Claimed Subject Matter

The summary of claimed subject matter contained in the brief is correct.

(6) Grounds of Rejection to be Reviewed on Appeal

The appellant's statement of the grounds of rejection to be reviewed on appeal is substantially correct. The changes are as follows:

Whether claims 11-14, 21-24, 26, and 31 are properly rejected under 35 U.S.C. 102(a, e) as being anticipated by Yang et al. (US 2001/0034673).

Whether claims 25, 27-30, and 32-36 are properly rejected under 35 U.S.C. 103(a) as being unpatentable over Yang et al. (US 2001/0034673), as applied to claims 21 and 26 above, in view of Singh et al. (US 2002/0169657).

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Whether claim 38 is properly rejected under 35 U.S.C. 103(a) as being unpatentable over Yang et al. (US 2001/0034673).

Also, a new ground of rejection under 35 U.S.C. § 101 has been added.

NEW GROUND(S) OF REJECTION

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 26-36 and 38 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

A claimed process is eligible for patent protection under 35 U.S.C. § 101

if:

"(1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing. See Benson, 409 U.S. at 70 ('Transformation and reduction of an article 'to a different state or thing' is the clue to the patentability of a process claim that does not include particular machines. '); Diehr, 450 U.S. at 192 (holding that use of mathematical formula in process 'transforming or reducing an article to a different state or thing' constitutes patent-eligible subject matter); see also Flook, 437 U.S. at 589 n.9 ('An argument can be made [that the Supreme] Court has only recognized a process as within the statutory definition when it either was tied to a particular apparatus or operated to change materials to a 'different state or thing' '); Cochrane v. Deener, 94 U.S. 780, 788 (1876) ('A process is...an act, or a series of acts, performed upon the subject-matter to be transformed and reduced to a different state or thing.').⁷ A claimed process involving a fundamental principle that uses a particular machine or apparatus would not pre-empt uses of the principle that do not also use the specified machine or apparatus in the manner claimed. And a claimed process that transforms a particular article to a

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specified different state or thing by applying a fundamental principle would not pre-empt the use of the principle to transform any other article, to transform the same article but in a manner not covered by the claim, or to do anything other than transform the specified article.” (*In re Bilski*, 88 USPQ2d 1385, 1391 (Fed. Cir. 2008))

Claims 26-36 and 38 are not tied to a particular machine or apparatus nor do they transform a particular article into a different state or thing; therefore, claims 26-36 and 38 are non-statutory under § 101. It is also noted that the mere recitation of a machine in the preamble with an absence of a machine in the body of a claim fails to make the claim statutory under 35 U.S.C. § 101, as seen in the Board of Patent Appeals Informative Opinion *Ex parte Langemyr et al.* (Appeal 2008-1495), <http://www.uspto.gov/web/offices/dcom/bpai/its/fd081495.pdf>.

(7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) Evidence Relied Upon

US 2001/0034673 A1 YANG et al. 10-2001

US 2002/0169657 A1 SINGH et al. 11-2002

(9) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claims 11-14, 21-24, 26, and 31 are rejected under 35 U.S.C. 102(a, e) as being anticipated by Yang et al. (US 2001/0034673).

Claims 25, 27-30, and 32-36 are rejected under 35 U.S.C. 103(a) as being unpatentable over Yang et al. (US 2001/0034673), as applied to claims 21 and 26 above, in view of Singh et al. (US 2002/0169657).

Claim 38 is rejected under 35 U.S.C. 103(a) as being unpatentable over Yang et al. (US 2001/0034673), as applied to claim 26 above.

Claims 26-36 and 38 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Claim Rejections - 35 USC § 102

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for a patent.

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

Claims 11-14, 21-24, 26, and 31 are rejected under 35 U.S.C. 102(a, e) as being anticipated by Yang et al. (US 2001/0034673).

Yang discloses a system for supply chain management comprising:

[Claim 11] an order controller system including reverse logistic means for generating transfer data (Fig. 3; ¶¶ 21-24); and

a warehouse system receiving the transfer data and generating shipping data (¶¶ 19-20, 21-24);

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[Claim 12] a distribution system receiving the transfer data and generating shipping data (¶¶ 19-20, 21-24, 35-37);

[Claim 13] wherein the order controller system further comprises an internal warehouse order system receiving the shipping data and modifying internal warehouse order data in response to the shipping data (¶¶ 19-20, 21-24, 35-37);

[Claim 14] wherein the warehouse system further comprises an inventory system receiving the shipping data and modifying inventory data in response to the shipping data (¶¶ 19-20, 21-24, 35-37 -- Inventory is managed at all warehouse locations to identify where inventory levels need to be adjusted, e.g., by transferring inventory from one location to another).

Yang discloses a system for supply chain management comprising:

[Claim 21] an order controller system having reverse logistic means for receiving warehouse inventory data and distribution center inventory data and generating transfer data to improve a distribution of inventory at a warehouse and a distribution center (¶¶ 19-20, 21-24, 35-37);

a warehouse system receiving the transfer data and generating shipping data (¶¶ 19-20, 21-24, 35-37); and

a distribution system receiving the transfer data and generating shipping data (¶¶ 19-20, 21-24, 35-37);

[Claim 22] wherein the order controller system further comprises an internal warehouse order system receiving the shipping data and modifying internal warehouse

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order data in response to the shipping data for a warehouse operated by an operator of the supply chain management system (¶¶ 19-20, 21-24, 35-37 -- Inventory is managed at all warehouse locations to identify where inventory levels need to be adjusted, e.g., by transferring inventory from one location to another);

[Claim 23] wherein the order controller system further comprises an external warehouse order system receiving the shipping data and modifying external warehouse order data in response to the shipping data for a warehouse that is not operated by an operator of the supply chain management system (¶¶ 19-22, 25 -- All entities in the supply chain, both internal and external, are coupled to one another and may share inventory data);

[Claim 24] wherein the warehouse system further comprises an inventory system receiving the shipping data and modifying inventory data in response to the shipping data (¶¶ 19-20, 21-24, 35-37 -- Inventory is managed at all warehouse locations to identify where inventory levels need to be adjusted, e.g., by transferring inventory from one location to another).

Yang discloses a method for supply chain management comprising:

[Claim 26] receiving warehouse inventory data and distribution center inventory data and generating reverse logistics data to modify a distribution of inventory at a first warehouse and a second warehouse (¶¶ 19-20, 21-24, 35-37);

receiving the reverse logistics data at a first warehouse system and generating shipping data (¶¶ 19-20, 21-24, 35-37 -- Inventory is managed at all warehouse

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locations to identify where inventory levels need to be adjusted, e.g., by transferring inventory from one location to another); and

receiving the reverse logistics data at a second warehouse system and generating shipping data (¶¶ 19-20, 21-24, 35-37 -- Inventory is managed at all warehouse locations to identify where inventory levels need to be adjusted, e.g., by transferring inventory from one location to another);

[Claim 31] wherein the first warehouse is operated by an operator of a supply chain management system and the second warehouse is not operated by the operator of the supply chain management system, and priority is given to maintaining predetermined inventory levels at the first warehouse (¶¶ 19-20 -- An internal warehouse only looks to an external warehouse if supply is unavailable internally. In this sense, the internal entities give preference to the inventory levels at the first (internal or lower-level) warehouse(s)).

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 25, 27-30, and 32-36 are rejected under 35 U.S.C. 103(a) as being unpatentable over Yang et al. (US 2001/0034673), as applied to claims 21 and 26 above, in view of Singh et al. (US 2002/0169657).

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[Claims 25, 27-30, 32-36] As per claims 25, 27-30, and 32-36, Yang discloses a forecast planning function that generates demand forecasts to help plan for short-term and long-term inventory goals (¶¶ 33-35), including in a service parts environment with retail end-users, or customers (¶¶ 2, 36), yet Yang does not expressly teach a promotion management system generating promotion data, wherein the order controller system receives the promotion data and generates reverse logistics data to improve a distribution of inventory at a warehouse and a distribution center in response to the promotion data, or that the inventoried locations are retail locations. However, Singh makes up for these deficiencies in its teaching of a retail-based forecast and planning system that takes into account causal factors, such as new competitive products, price promotions, obsolete or superseded products, introduced and/or discontinued products, new product introductions, etc. when forecasting product demands (¶¶ 17, 80, 81, 84, 86, 87). Singh's forecasting techniques help to more accurately predict customer demands, thereby reducing stocking costs and distribution expenses, which leads to a reduction of the sales unit price of products and an enhancement of profit margins (see ¶ 4 of Singh). More generally, one of the main goals of Singh is to "proactively [predict] demand across multiple levels of the supply chain so as to avoid costly mismatches of demand and supply" (¶ 2). Similarly, Yang's main goal is to more effectively distribute inventory throughout a supply chain; therefore, the Examiner asserts that it would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to modify Yang to adapt its reverse logistics order controller system (which includes demand forecasting capabilities) specifically to retail (claim 32) promotional

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management functions so that the order controller system receives promotion data (claim 25), such as product promotion data (claims 27, 33), product rollout data (claims 28, 34), product replacement data (claims 29, 35), or product deletion data (claims 30, 36), at the order controller to generate reverse logistics data to improve a distribution of inventory at a warehouse and a distribution center in response to the promotion data in order to more accurately predict customer demands, thereby reducing stocking costs and distribution expenses, which leads to a reduction of the sales unit price of products and an enhancement of profit margins (as suggested by Singh).

Claim 38 is rejected under 35 U.S.C. 103(a) as being unpatentable over Yang et al. (US 2001/0034673), as applied to claim 26 above.

[Claim 38] As per claim 38, Yang fails to expressly teach that the modification of the distribution of inventory at the first warehouse and the second warehouse is accomplished using regularly scheduled delivery vehicles. It should be noted that this limitation fails to further limit the step of "modification." In other words, all of the steps recited in independent claim 26 are performed the same regardless of whether the delivery vehicles transferring the inventory from one location to another are regularly or more sporadically scheduled. There is no calculation that makes modifications based on how the delivery vehicles are scheduled; therefore, the fact that the distribution of inventory is "accomplished using regularly scheduled delivery vehicles" has no bearing on the invention as a whole and therefore merits no patentable weight. Nevertheless, the Examiner submits that it is old and well-known in the art of business deliveries to

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schedule delivery vehicles to make regular deliveries at various locations of a business. For example, many business schedule a set pick-up/drop-off time at their various locations in a close proximity to facilitate "interoffice" deliveries. This is especially important in business environments where delivery requests are consistently abundant. Since Yang works to more efficiently allocate inventory among its various stock locations, the Examiner submits that it would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to adapt Yang to function in an environment where distribution of inventory at the first warehouse and the second warehouse is accomplished using regularly scheduled delivery vehicles in order to facilitate quick and efficient inventory operations for optimum storage of and access to inventory on an ongoing basis.

NEW GROUND(S) OF REJECTION

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 26-36 and 38 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

A claimed process is eligible for patent protection under 35 U.S.C. § 101

if:

"(1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing. See Benson, 409 U.S. at 70 ('Transformation and reduction of an article 'to a different state or thing' is the clue to the patentability of a process claim that does not include

particular machines.'). Diehr, 450 U.S. at 192 (holding that use of mathematical formula in process 'transforming or reducing an article to a different state or thing' constitutes patent-eligible subject matter); see also Flook, 437 U.S. at 589 n.9 ('An argument can be made [that the Supreme] Court has only recognized a process as within the statutory definition when it either was tied to a particular apparatus or operated to change materials to a 'different state or thing' '); Cochrane v. Deener, 94 U.S. 780, 788 (1876) ('A process is...an act, or a series of acts, performed upon the subject-matter to be transformed and reduced to a different state or thing.').⁷ A claimed process involving a fundamental principle that uses a particular machine or apparatus would not pre-empt uses of the principle that do not also use the specified machine or apparatus in the manner claimed. And a claimed process that transforms a particular article to a specified different state or thing by applying a fundamental principle would not pre-empt the use of the principle to transform any other article, to transform the same article but in a manner not covered by the claim, or to do anything other than transform the specified article." (*In re Bilski*, 88 USPQ2d 1385, 1391 (Fed. Cir. 2008))

Claims 26-36 and 38 are not tied to a particular machine or apparatus nor do they transform a particular article into a different state or thing; therefore, claims 26-36 and 38 are non-statutory under § 101. It is also noted that the mere recitation of a machine in the preamble with an absence of a machine in the body of a claim fails to make the claim statutory under 35 U.S.C. § 101, as seen in the Board of Patent Appeals Informative Opinion *Ex parte Langemyr et al.* (Appeal 2008-1495), <http://www.uspto.gov/web/offices/dcom/bpai/its/fd081495.pdf>.

(10) Response to Argument

Appellant argues the following:

No analysis of the claimed means plus function elements has been provided by the Examiner. Under

controlling Federal Circuit precedent, when a means plus function clause invokes 35 U.S.C. 112, paragraph 6, the corresponding structure must be identified in the specification of the pending application, and that structure or an equivalent thereof must be identified in the prior art. See, e.g., *WMS Gaming, Inc. v. Int'l Game Technology*, 184 F.3d 1339, 1349 (Fed. Cir. 1999), which holds that:

In a means-plus-function claim in which the disclosed structure is a computer, or microprocessor, programmed to carry out an algorithm, ***the disclosed structure is not the general purpose computer, but rather the special purpose computer programmed to perform the disclosed algorithm.*** The "special purpose computer" results from the computer being "programmed to perform particular functions pursuant to instructions from program software." (Page 12 of the Appeal Brief)

Notably, Appellant's means-plus-function language is introduced in independent claims 11 and 21. In the summary of the claimed subject matter in the Appeal Brief, Appellant cites support for the "reverse logistics means for generating transfer data" (claim 11) and the "reverse logistics means for receiving warehouse inventory data and distribution of inventory at a warehouse and a distribution center" (claim 21) in figures 1 and 8 as well as paragraphs 18-21 and 88-93 of the specification (page 7 of the Appeal Brief). Regarding a claim limitation which invokes 35 U.S.C. § 112, 6th paragraph, MPEP § 2181(II) states, "The proper test for meeting the definiteness requirement is that the corresponding structure (or material or acts) of a means (or step)-plus-function limitation must be disclosed in the specification itself in a way that one skilled in the art will understand what structure (or material or acts) will perform the recited function...The disclosure of the structure (or material or acts) may be implicit or inherent in the specification if it would have been clear to those skilled in the art what structure

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(or material or acts) corresponds to the means (or step)-plus-function claim limitation.”

The Examiner has looked to the excerpts of the specification cited by Appellant as support for the claimed means-plus-function language, namely the reverse logistics means. It should be noted that there are no reverse logistics means *per se* disclosed in the specification. Instead, figure 8 and paragraphs 88-93 present a “method 800 for reverse logistics.” Without any express disclosure of structural elements that perform the recited reverse logistics functions, the Examiner is forced to look to the specification for some implied structure corresponding to these reverse logistics functions. Appellant has also referenced paragraph 19 of the specification, which states the following:

[0019] System 100 includes order controller system 102, forecast and planning system 104, manufacturer systems 106a through 106n, warehouse systems 108a and 108b, distribution system 110, and retail systems 112a through 112n, each of which can be implemented in hardware, software, or a suitable combination of hardware and software, and each of which can be one or more software systems operating on separate general purpose processing platforms. As used herein, a hardware system can include discrete semiconductor devices, an application-specific integrated circuit, a field programmable gate array or other suitable devices. A software system can include one or more objects, agents, threads, lines of code, subroutines, separate software applications, user-readable (source) code, machine-readable (object) code, two or more lines of code in two or more corresponding software applications, databases, or other suitable software architectures. In one exemplary embodiment, a software system can include one or more lines of code in a general purpose software application, such as an operating system, and one or more lines of code in a specific purpose software application.

Therefore, as best understood by the Examiner, the structural elements required to perform the recited functionality corresponding to the reverse logistics means are any

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combination of hardware and/or software programmed to perform this functionality.

Claim 11 recites "reverse logistics means for generating transfer data"; therefore, the prior art need only teach any combination of hardware and/or software programmed to generate transfer data. Paragraphs 21-24 of Yang explain how returned service parts are reintegrated into the supply chain and moved to an optimal location within the supply chain. Data regarding how the returned service parts are to be reintegrated into the supply chain and moved to an optimal location within the supply chain is generated transfer data. Paragraphs 7, 25, and 27-33 of Yang describe the various hardware and software components utilized by Yang to perform the disclosed functionality. Since Yang's computer-integrated system is programmed to perform Appellant's claimed functionality (i.e., generating transfer data), Yang's computer-integrated system no longer comprises merely a general purpose computer(s), but rather a special purpose computer-integrated system programmed to generate transfer data. As such, the Examiner maintains that Yang anticipates claim 11 for the reasons presented in the art rejection.

Regarding claim 12, Appellant submits that "the Examiner's construction of reverse logistics data as 'transfer data' is incorrect. 'Reverse logistics' is defined in the pending application as method 800, whereas 'reverse logistics' in Yang is defined as processing for returned parts..." (Page 13 of the Appeal Brief) Appellant proceeds to assert that "the reverse logistics means of method 800 clearly relates to a hierarchical distribution structure, such as the exemplary heirarchy [sic] shown in Fig. 1 of the pending application which includes warehouse systems 108, a distribution system 110

and retail systems 112.” (Pages 13-14 of the Appeal Brief) Appellant appears to be asserting a special definition for the recited “reverse logistics”; however, a special definition must be limiting and clearly define the exact metes and bounds of the specially defined term. Providing non-limiting examples of what a given phrase may include does not constitute a special definition. There is no special definition of “reverse logistics” in Appellant’s specification; therefore, the recited phrase “reverse logistics” is given its broadest reasonable interpretation within the confines of the claim language (and Yang literally uses the term “reverse logistics” in a supply chain management environment in paragraph 21). In Appellant’s own arguments (cited above), Appellant defines the “reverse logistics means of method 800” using the non-limiting phrase “such as” and the vague term “related to.” Similarly, Appellant’s summary of the claimed subject matter in the Appeal Brief repeatedly cites portions of the specification by stating, “See, for example and not by way of limitations...” (Pages 7-10 of the Appeal Brief) In response to Appellant’s argument that the references fail to show certain features of Appellant’s invention, it is noted that the features upon which Appellant relies (i.e., “the reverse logistics means of method 800 clearly relates to a hierarchical distribution structure, such as the exemplary heirarchy [sic] shown in Fig. 1 of the pending application which includes warehouse systems 108, a distribution system 110 and retail systems 112”) are not recited in the rejected claims. Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

Appellant argues that “the Examiner **admits** that Yang lacks structure for production promotion at paragraph 6 of the final office action, which is an admission that Yang fails to disclose the claimed structure!” (Page 14 of the Appeal Brief) The cited excerpt of the art rejection states, “Yang does not expressly teach a promotion management system generating promotion data, wherein the order controller system receives the promotion data and generates reverse logistics data to improve a distribution of inventory at a warehouse and a distribution center in response to the promotion data, or that the inventoried locations are retail locations.” Then, the teachings of Singh were cited to address the features missing in Yang. In response to Appellant's arguments against the references individually, one cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references. See *In re Keller*, 642 F.2d 413, 208 USPQ 871 (CCPA 1981); *In re Merck & Co.*, 800 F.2d 1091, 231 USPQ 375 (Fed. Cir. 1986).

Regarding claim 21, Appellant submits, “As previously discussed, Yang fails to disclose any hierarchy between the distribution systems 24, such that any structure that might have been provided with Yang would necessarily lack the disclosed reverse logistics means.” (Page 14 of the Appeal Brief) Again, in response to Appellant's argument that the references fail to show certain features of Appellant's invention, it is noted that the features upon which Appellant relies (i.e., “any hierarchy between the distribution systems 24”) are not recited in the rejected claims. Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

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Regarding claim 13, Appellant argues, "Internal warehouses are not disclosed or suggested by Yang, which lacks any hierarchical structure in its distribution centers 24." (Page 15 of the Appeal Brief) Appellant repeats the same arguments regarding claims 14 and 22-24 (pages 15-16 of the Appeal Brief). Again, in response to Appellant's argument that the references fail to show certain features of Appellant's invention, it is noted that the features upon which Appellant relies (i.e., "any hierarchical structure in its distribution centers 24") are not recited in the rejected claims. Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

Regarding claim 26, Appellant argues the following:

...As to the first construction error, Yang teaches that a defective part is returned -- that is not warehouse inventory data nor distribution center inventory data, which the reverse logistics data is generated in response to. As such, the return of the defective part has no relevance to the claimed invention. The repaired defective part is then placed back into the stream of commerce, but at this point it is no different from an ordinary part. The repaired defective part is then transferred between a first distribution center 24 and a second distribution center 24, but that only requires a single act of generating shipping data, and as shown, that is not done in response to reverse logistics data, which as admitted by the Examiner is the data relating to the return of the defective part. (Pages 16-17 of the Appeal Brief)

In response to Appellant's argument that the references fail to show certain features of Appellant's invention, it is noted that the features upon which Appellant relies (i.e., "warehouse inventory data nor distribution center inventory data, *which the reverse logistics data is generated in response to*") are not recited in the rejected claim(s).

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Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993). Paragraph 21 of Yang states that "returned service parts may be processed through a 'reverse logistics' or other returns supply chain **28** for eventual insertion back into the supply chain... The returned service parts thus typically flow backward within the returns supply chain **28** from customer **16** through one or more distribution centers **24**." Paragraph 37 of Yang explains that inventory excesses at one stocking location (or first warehouse) may be resolved by transferring the excess inventory to another stocking location (or second warehouse). Since returned products may be reintegrated into the supply chain, it is understood that the reverse logistics data contributes to the assessment of excess inventory at stocking locations throughout the supply chain, thereby addressing the language of claim 26.

Regarding claim 26, Appellant continues to argue the following:

As to the second error, the reverse logistics data of claim 26 1) is generated after receiving warehouse inventory data and distribution center inventory data to modify a distribution of inventory at a first warehouse and a second warehouse, 2) is received at the first warehouse after which shipping data is generated, and 3) is received at the second warehouse after which shipping data is generated. The reverse logistics data of Yang only relates to return of a defective item -- even if Yang is read impermissibly as disclosing that the data for transferring products between distribution centers is "reverse logistics data," that is at best only the step of receiving reverse logistics data at a distribution center and generating shipping data. A distribution center is not a warehouse. As described in the specification at [0056], a distribution center receives goods and assembles or processes them for sale at retail locations without long-term storage. In contrast, warehouse is a facility that provides long-term storage. As noted in the

specification at [0005], a system for distribution chain management is provided that allows architectures to be implemented other than the manufacturer-warehouse-retail store architecture, which is admitted prior art in paragraph [0002] of the specification. Yang is not even drawn to such manufacturer-warehouse-retail store architectures, but is instead drawn to a business-to-business architecture, Yang at [0018]... (Page 17 of the Appeal Brief)

In response to Appellant's argument that the references fail to show certain features of Appellant's invention, it is noted that the features upon which Appellant relies (i.e., "the reverse logistics data of claim 26 1) is generated *after* receiving warehouse inventory data and distribution center inventory data to modify a distribution of inventory at a first warehouse and a second warehouse, 2) is received at the first warehouse *after which* shipping data is generated, and 3) is received at the second warehouse *after which* shipping data is generated") are not recited in the rejected claim(s). Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993). Claim 26 sets forth no temporal relationships among the recited steps. Furthermore, paragraph 21 of Yang states that "returned service parts may be processed through a 'reverse logistics' or other returns supply chain **28** for eventual insertion back into the supply chain...The returned service parts thus typically flow backward within the returns supply chain **28** from customer **16** through one or more distribution centers **24**." Paragraph 37 of Yang explains that inventory excesses at one stocking location (or first warehouse) may be resolved by transferring the excess inventory to another stocking location (or second warehouse). Since returned products

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may be reintegrated into the supply chain, it is understood that the reverse logistics data contributes to the assessment of excess inventory at stocking locations throughout the supply chain. Excess inventory, including returned items, may be moved from one warehouse to another until it reaches an optimal location.

Additionally, it should be noted that the phrases "warehouse inventory" and "distribution center inventory" are mere labels for the corresponding data. The source of data or type of data corresponding to these labels is never explicitly defined in the claims. Appellant references paragraph 56 of the specification as support for an asserted special definition of a distribution center; however, paragraph 56 merely states that "distribution system 110 can be operated by a distribution center that receives goods and assembles or processes them for sale at retail locations without long-term storage." This statement does not limit all distribution centers to centers that receive goods and assemble or processes them for sale at retail locations without long-term storage. It should also be noted that the phrase "without long-term storage" does not identify clear metes and bounds for the relative time period associated with "long-term" and it is descriptive of the retail locations associated with the distribution centers. The nature of the retail locations doing business with the distribution centers does not affect the structure or functionality of the distribution centers, especially as claimed. And again, there is no distribution center *per se* recited in claim 26. Instead, claim 26 recites "distribution center inventory *data*," which is not specially defined in Appellant's specification.

Similarly, Appellant cites no special definition from the specification that defines a "warehouse" as "a facility that provides long-term storage" (page 17 of the Appeal Brief). As a matter of fact, Merriam Webster's Collegiate® Dictionary (10th ed) defines a "warehouse" as "a structure or room for the storage of merchandise or commodities." There is no temporal element inherent to the definition of a "warehouse." Again, Appellant is arguing limitations that are not recited in the claims, particularly in claim 26.

Regarding claim 31, Appellant disagrees with the Examiner's assertion that "who operates the first and second warehouse does not affect any recited structure or functionality and therefore merits no patentable weight" because, as Appellant submits, "who operates the warehouse does, in fact, have patentable weight, because it identifies the warehouse for which the step of giving priority to maintaining a predetermined inventory level is performed for." (Pages 17-18 of the Appeal Brief) However, the Examiner respectfully points out that claim 31 fails to base the recited priority assignment on who is operating the first and second warehouses. For example, there is no determination made as to which operator is more experienced or has more seniority to then identify which warehouse deserves priority. The limitation "priority is given to maintaining predetermined inventory levels at the first warehouse" means that the first warehouse is given priority regardless of who is operating the first or second warehouse. Furthermore, as stated in the art rejection, paragraphs 19-20 of Yang differentiate between internal and external warehouses (e.g., "out-of-network" sources), thereby implying that the internal warehouses are run by internal operators and the external warehouses are run by external operators (distinct from the internal operators).

Further regarding claim 31, Appellant argues that "the Examiner has focused on incorrect standards for rejecting claim 31, and has failed to appreciate the step of giving priority to maintaining predetermined inventory levels at some warehouses over other warehouses is not discloses [sic] by Yang." (Page 18 of the Appeal Brief) The Examiner respectfully disagrees. As stated in the art rejection, paragraphs 19-20 of Yang discloses that an internal warehouse only looks to an external warehouse if supply is unavailable internally. In this sense, the internal entities give preference to the inventory levels at the first (internal or lower-level) warehouse(s).

As per claim 25, Appellant argues the following:

...However, this belies the fact that Singh fails to disclose a promotion management system in a system of claim 21. There is no reverse logistics means in either Yang or Singh, and Singh simply cannot provide the structure disclosed in the pending application by discussing forecasting techniques. Singh at best discloses a single centralized system for "forecasting future demand for many products and product types in many markets." Singh, paragraph [0014]. This system is not used for supply chain management but to enable "organizations to produce and compare alternative models of forecasting demand in order to constantly improve demand forecasting capabilities." Singh, paragraph [0015]. No structure for implementing Singh's forecasting system in even the primitive distribution system of Yang is disclosed or suggested, much less in an hierarchical system such as the exemplary system of Fig. 1 of the pending application. Singh does not teach how to implement promotion management, and one of ordinary skill in the art would read Singh to suggest that promotion management can be accomplished in advance instead of in an ongoing manner where transfers of a distribution of inventory at a warehouse and a distribution center is needed in response to the promotion data such that some retail locations and their associated distribution warehouses may require replenishment while other retail locations and their associated warehouses may not, see paragraphs [0042-

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0046] of the pending application. (Pages 18-19 of the Appeal Brief)

First, as discussed above, the Examiner maintains that Yang does indeed address the claimed reverse logistics means. Second, as explained in the art rejection, “one of the main goals of Singh is to ‘proactively [predict] demand across multiple levels of the supply chain so as to avoid costly mismatches of demand and supply’ (¶ 2).” Therefore, Appellant’s submission that Singh is “not used for supply chain management” is not understood since Singh explicitly references a “supply chain.” Third, figure 3 of Singh shows that Singh’s functionality is performed by computers programmed to carry out the disclosed functionality; therefore, Singh does indeed possess structure for implementing its forecast system. Fourth, the details of a “hierarchical system” are not recited (either expressly or implicitly) in the claims; therefore, the argument that the prior art does not teach a “hierarchical system” is not persuasive. Fifth, claim 25 does not specify when promotion data is received and generated in relation to the other recited steps of the claim (and independent claim 21); therefore, Appellant’s assertion that “one of ordinary skill in the art would read Singh to suggest that promotion management can be accomplished in advance instead of in an ongoing manner where transfer of a distribution of inventory at a warehouse and a distribution center is needed in response to the promotion data such that some retail locations and their associated distribution warehouses may require replenishment while other retail locations and their associated warehouses may not” is not relevant to claim 25. Again, Appellant is arguing limitations not recited in the claims, namely claim 25.

As per claim 27, Appellant submits that “[p]roduct promotion data can include data such as advertising campaign data, coupon distribution data, or other suitable data, such that some retail locations and their associated distribution warehouses may require replenishment while other retail locations and their associated distribution warehouses may not...Neither Yang nor Singh disclose such functionality...” (Page 19 of the Appeal Brief) Appellant fails to cite a special (i.e., clearly defined and limiting) definition of “product promotion data”; therefore, there is no definition to be read in from the specification. In response to Appellant’s argument that the references fail to show certain features of Appellant’s invention, it is noted that the features upon which Appellant relies (i.e., “[p]roduct promotion data can include data such as advertising campaign data, coupon distribution data, or other suitable data, such that some retail locations and their associated distribution warehouses may require replenishment while other retail locations and their associated distribution warehouses may not”) are not recited in the rejected claim(s). Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

Regarding claim 28, Appellant argues, “Again, product rollout creates unique demands from promotions or other distribution system functions, as described in the pending application. Neither Yang nor Singh discriminate between the supply chain management functionality required for product rollout and other distribution system functions...” (Page 19 of the Appeal Brief) In response to Appellant’s argument that the references fail to show certain features of Appellant’s invention, it is noted that the

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features upon which Appellant relies (i.e., “product rollout creates unique demands from promotions or other distribution system functions, as described in the pending application”) are not recited in the rejected claim(s). Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

Regarding claim 29, Appellant argues, “Products may only be replaced in certain markets in certain areas, or in certain geographical regions, such that some retail locations and their associated distribution warehouses may require replenishment while other retail locations and their associated distribution warehouses may not, see paragraphs [0042-0046] of the pending application. Neither Yang nor Singh discriminate between the supply chain management functionality required for product rollout and other distribution system functions...” (Pages 19-20 of the Appeal Brief) In response to Appellant's argument that the references fail to show certain features of Appellant's invention, it is noted that the features upon which Appellant relies (i.e., “products may only be replaced in certain markets in certain areas, or in certain geographical regions, such that some retail locations and their associated distribution warehouses may require replenishment while other retail locations and their associated distribution warehouses may not, see paragraphs [0042-0046] of the pending application”) are not recited in the rejected claim(s). Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993). Applicant makes the same argument for claim 30 (page 20 of the Appeal Brief); therefore, the

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Examiner's response to the argument (presented in reference to claim 28) applies to claim 30 as well.

The basis of Appellant's arguments in relation to claims 32-36 relies on the assertion that neither Yang nor Singh discloses retail locations (pages 20-21 of the Appeal Brief). The Examiner respectfully disagrees. Yang discloses that planning may be performed for a customer or for customers of that customer, such as retail consumers, thereby implying that the retail consumers are customers of retail locations (paragraph 39 of Yang). Singh also discloses that demand forecasting units may be used to categorize and organize forecasts according to various factors, such as a demand group of retail stores (paragraph 42 of Singh). Demand data may be represented in the form of sales (paragraph 96 of Singh).

As per claim 38, Appellant argues that the Official Notice taken by the Examiner (i.e., that "it is old and well-known in the art of business deliveries to schedule delivery vehicles to make regular deliveries at various locations of a business") "has nothing to do with the claimed functionality of 'a method for supply chain management comprising receiving warehouse inventory data and distribution center inventory data and generating reverse logistics data to modify a distribution of inventory at a first warehouse and a second warehouse,' wherein the modification of the distribution of inventory at the first warehouse and the second warehouse is accomplished using regularly scheduled delivery vehicles." (Page 21 of the Appeal Brief) In response to Appellant's arguments against the references individually, one cannot show nonobviousness by attacking references individually where the rejections are based on

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combinations of references. See *In re Keller*, 642 F.2d 413, 208 USPQ 871 (CCPA 1981); *In re Merck & Co.*, 800 F.2d 1091, 231 USPQ 375 (Fed. Cir. 1986). As discussed in the art rejection, Yang addresses the details of how the modification of the distribution of inventory at the first warehouse and the second warehouse is accomplished (as per independent claim 26). Claim 38 merely specifies that this modification be accomplished using regularly scheduled delivery vehicles, which is not expressly taught by Yang. The art rejection addresses this limitation in particular as follows:

As per claim 38, Yang fails to expressly teach that the modification of the distribution of inventory at the first warehouse and the second warehouse is accomplished using regularly scheduled delivery vehicles. It should be noted that this limitation fails to further limit the step of "modification." In other words, all of the steps recited in independent claim 26 are performed the same regardless of whether the delivery vehicles transferring the inventory from one location to another are regularly or more sporadically scheduled. There is no calculation that makes modifications based on how the delivery vehicles are scheduled; therefore, the fact that the distribution of inventory is "accomplished using regularly scheduled delivery vehicles" has no bearing on the invention as a whole and therefore merits no patentable weight. Nevertheless, the Examiner submits that it is old and well-known in the art of business deliveries to schedule delivery vehicles to make regular deliveries at various locations of a business. For example, many business schedule a set pick-up/drop-off time at their various locations in a close proximity to facilitate "interoffice" deliveries. This is especially important in business environments where delivery requests are consistently abundant. Since Yang works to more efficiently allocate inventory among its various stock locations, the Examiner submits that it would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to adapt Yang to function in an environment where distribution of inventory at the first warehouse and the second warehouse

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is accomplished using regularly scheduled delivery vehicles in order to facilitate quick and efficient inventory operations for optimum storage of and access to inventory on an ongoing basis.

The statement of Official Notice was used to address one aspect of the claim and not the entire claim *per se*. Additionally, Appellant has yet to address how the fact that using regularly scheduled delivery vehicles affects any structure or functionality associated with modification of the distribution of inventory. Since Yang moves inventory around throughout the supply chain, it is understood that deliveries take place. The Examiner used Official Notice to explain that it has long been common to schedule deliveries that are regularly scheduled as opposed to deliveries that are more sporadically scheduled. Instead of challenging this statement of Official Notice (thereby rendering it admitted prior art now) or the motivation to modify Yang as suggested by the Official Notice in light of knowledge generally available to those of ordinary skill in the art at the time of Applicant's invention, the Appellant relies on previous arguments that Yang fails to expressly teach the limitations of independent claim 26 (the claim from which claim 38 depends). As defended by the Examiner above, Yang does teach the limitations of claim 26; therefore, the arguments pertaining to claim 38 are not persuasive.

(11) Related Proceeding(s) Appendix

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

For the above reasons, it is believed that the rejections should be sustained.

This examiner's answer contains a new ground of rejection set forth in section (9) above. Accordingly, appellant must within **TWO MONTHS** from the date of this answer exercise one of the following two options to avoid *sua sponte* **dismissal of the appeal** as to the claims subject to the new ground of rejection:

(1) **Reopen prosecution.** Request that prosecution be reopened before the primary examiner by filing a reply under 37 CFR 1.111 with or without amendment, affidavit or other evidence. Any amendment, affidavit or other evidence must be relevant to the new grounds of rejection. A request that complies with 37 CFR 41.39(b)(1) will be entered and considered. Any request that prosecution be reopened will be treated as a request to withdraw the appeal.

(2) **Maintain appeal.** Request that the appeal be maintained by filing a reply brief as set forth in 37 CFR 41.41. Such a reply brief must address each new ground of rejection as set forth in 37 CFR 41.37(c)(1)(vii) and should be in compliance with the other requirements of 37 CFR 41.37(c). If a reply brief filed pursuant to 37 CFR 41.39(b)(2) is accompanied by any amendment, affidavit or other evidence, it shall be treated as a request that prosecution be reopened before the primary examiner under 37 CFR 41.39(b)(1).

Extensions of time under 37 CFR 1.136(a) are not applicable to the TWO MONTH time period set forth above. See 37 CFR 1.136(b) for extensions of time to

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reply for patent applications and 37 CFR 1.550(c) for extensions of time to reply for ex parte reexamination proceedings.


Respectfully submitted,

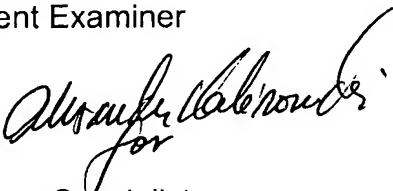
/Susanna M. Diaz/

Primary Examiner, Art Unit 3692

A Technology Center Director or designee must personally approve the new ground(s) of rejection set forth in section (9) above by signing below:

Conferees:

Kambiz Abdi 
Supervisory Patent Examiner
Art Unit 3692

Vincent Millin 
Appeal Conference Specialist
Technology Center 3600

Wynn Coggins 
Group Director TC 3600